

Latest Trends in Nonfarm Jobs and Earnings

With the release of 1996 data by the Bureau of Economic Analysis in May 1998, we now can update the analysis of nonfarm jobs and earnings that was published in appendix 3 of the previous Rural Industry issue of *RCAT*. When BEA releases a new year of data, it also revises the previous 2 years' estimates. The data shown here do not match data for the same years published in earlier issues of *RCAT* because of the BEA revisions and because ERS has converted earlier years' earnings to 1996 dollars.

Jobs

Nonfarm jobs increased during 1995-96 at a somewhat slower rate in nonmetro than in metro areas, 1.5 and 2.1 percent (app. table 1). That nonmetro rate of job growth is slower than the 2.3 percent annual growth nonmetro areas averaged during 1991-96, since the 1990-91 recession ended. Metro job growth picked up in 1996 compared with its annual average growth of 1.9 percent during 1991-96.

During 1995-96, agricultural services, construction, and services industries added jobs at a faster than average rate in both nonmetro and metro areas. Retail trade; finance, insurance, and real estate; and State and local governments added jobs at slightly faster rates in nonmetro than in metro areas.

By region, job growth in the Mideast continues to lag growth in the other regions, in both nonmetro and metro areas. The Rocky Mountain region continues to lead all other regions in both areas.

Earnings per Nonfarm Job

Real earnings per nonfarm job increased during 1995-96, by a scant 0.1 percent in nonmetro areas and 0.8 percent in metro areas (app. table 2). The nonmetro increase was even smaller than the earnings growth nonmetro areas have averaged annually since the last recession. The metro increase in earnings per nonfarm job was up slightly in 1996 along with metro job growth.

The earnings of nonmetro jobs in agricultural services, construction, and retail trade industries, and in the Federal military did not keep up with inflation between 1995 and 1996. The other nonmetro industries averaged higher earnings in 1996, but almost all by small amounts. The fastest earnings growth in nonmetro areas was among Federal civilian jobs, followed by jobs in wholesale trade. In metro areas, jobs in finance, insurance, and real estate had the fastest earnings growth, followed by jobs in the mining industry.

Real nonfarm earnings per job fell in nonmetro areas of New England and the Far West and were flat in the nonmetro Great Lakes. In all regions, real earnings increased in metro areas and metro earnings growth exceeded nonmetro growth or grew while nonmetro earnings declined. Among nonmetro regions, earnings growth was highest in the Plains. Among metro regions, earnings growth was highest in the Rocky Mountains followed by the Plains and Southwest.

Trends in Earnings per Nonfarm Job, 1969-96

Nonmetro earnings have not kept pace with metro earnings since 1979 (app. table 3). Nonmetro earnings did narrow the earnings gap slightly during 1993 and 1994, but again in 1995 and 1996 metro earnings grew faster than nonmetro earnings. The gap between metro and nonmetro earnings reached \$9,204 in 1996, the widest gap so far in this data series which began in 1969. [*Linda M. Ghelfi, 202-694-5437, lghelfi@econ.ag.gov*]